



European Securities and
Markets Authority

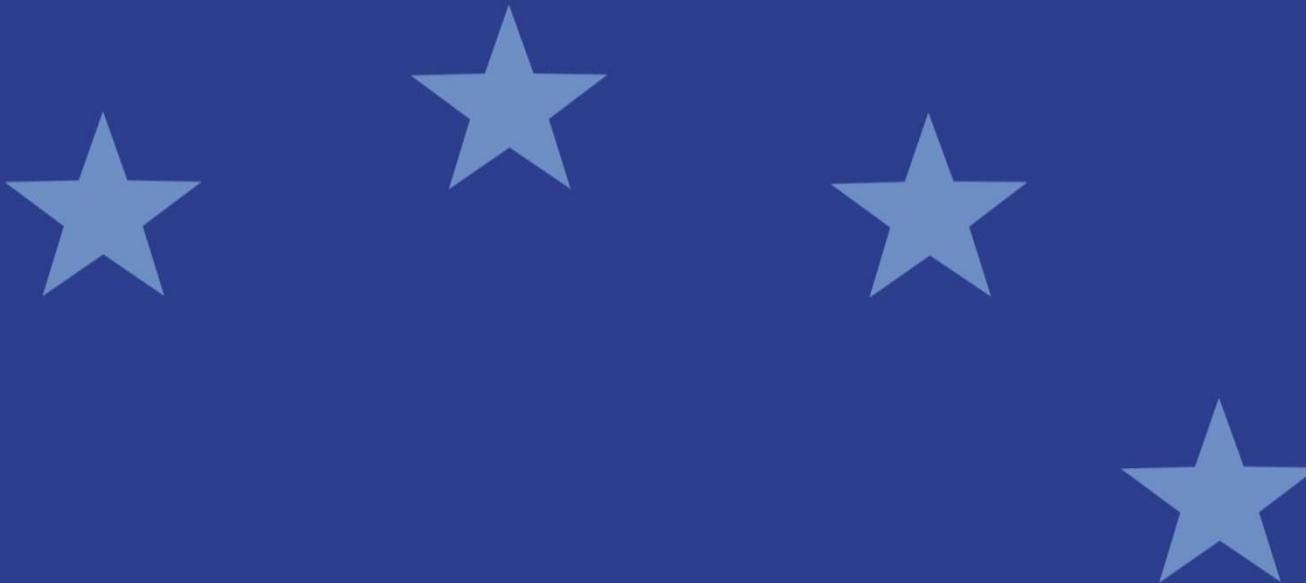
ESMA REGULAR USE

9 November 2018

Electronic Reporting for listed companies

An overview of the draft RTS on ESEF

Anna Sciortino





ESEF Mandate for ESMA

ESMA's mandate on the ESEF is contained in the revised Transparency Directive*

Article 4(7) states that

“ESMA shall develop draft regulatory technical standards to specify the electronic reporting format”

Recital (26) points out that:

*A **harmonised** electronic format [...] would*

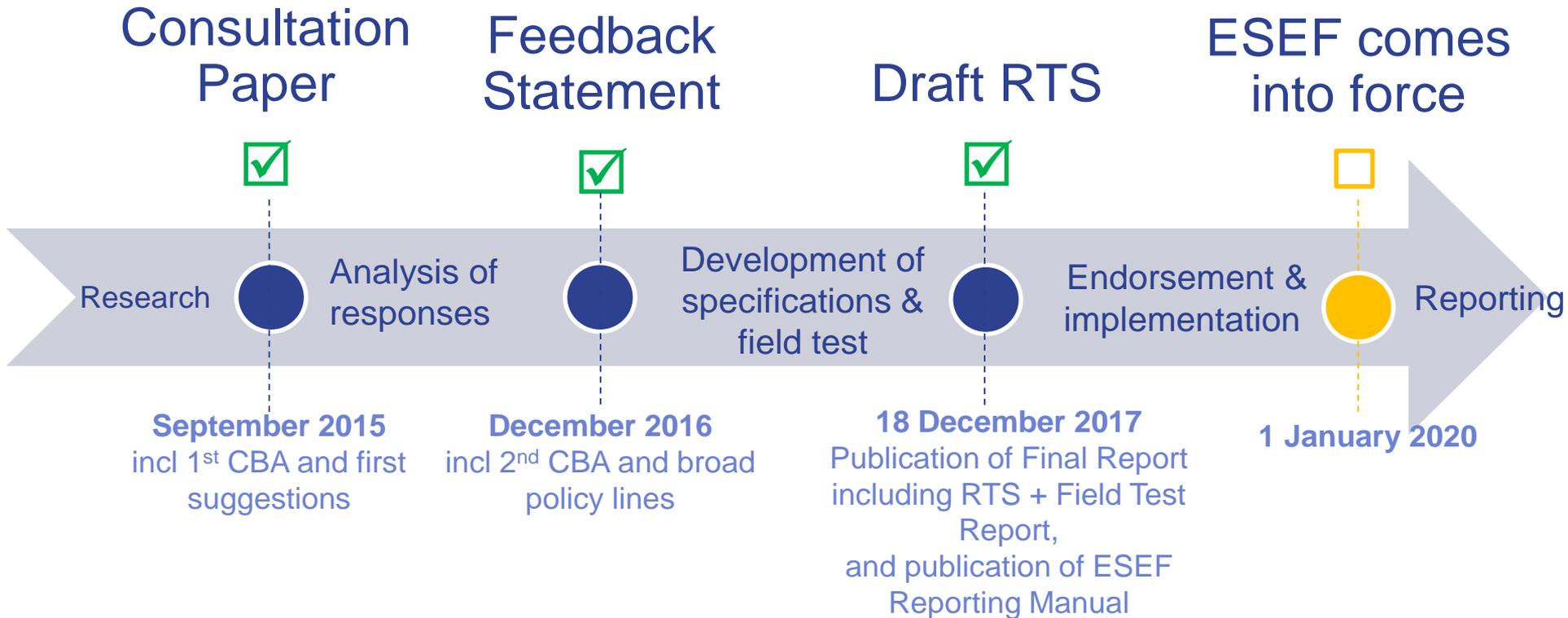
- *make reporting **easier***
- *facilitate **accessibility**,*

analysis

*and **comparability** of annual financial reports.*

*Directive 2004/109/EC as revised by Directive 2013/50/EU

An overview of the development process





Key requirements of the ESEF

- All annual financial reports have to be prepared in xHTML
- Annual financial reports containing consolidated IFRS financial statements need to be marked up using XBRL tags
- XBRL tags have to be embedded in the xHTML document using Inline XBRL
- The taxonomy to be used is the ESEF Taxonomy



What does an xHTML file look like

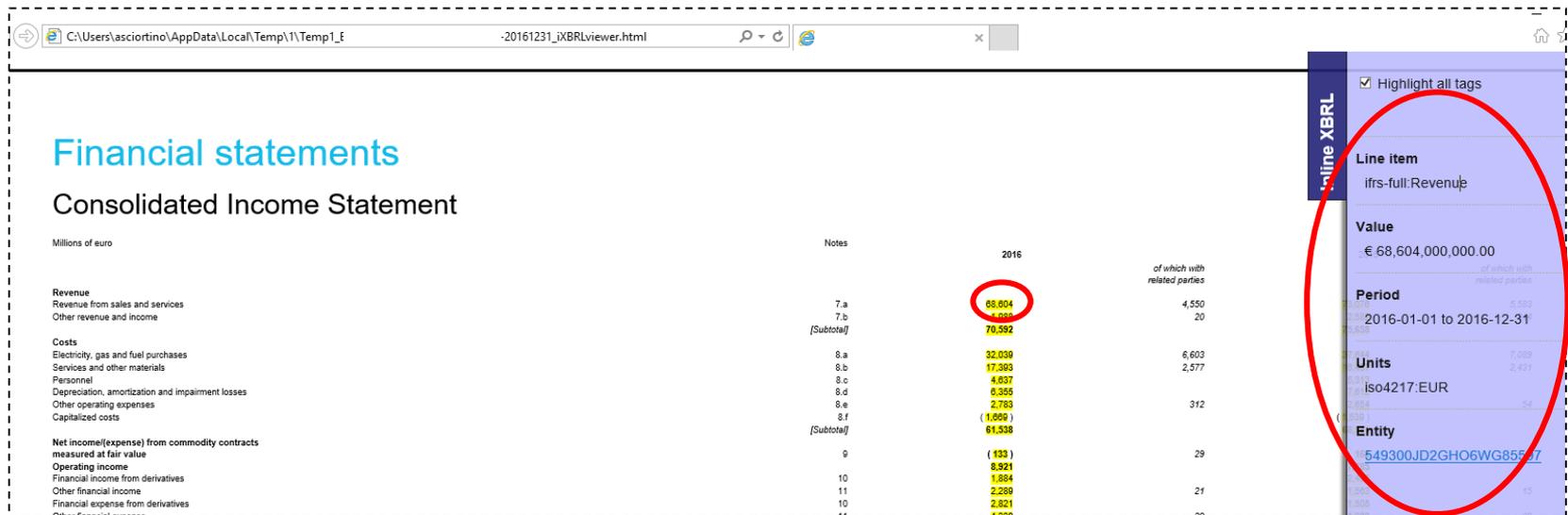
Financial statements
Consolidated Income Statement

Millions of euro

	Notes	2016	of which with related parties	2015	of which with related parties
Revenue					
Revenue from sales and services	7.a	68,604	4,550	73,076	5,583
Other revenue and income	7.b	1,988	20	2,582	314
	[Subtotal]	70,592		75,658	
Costs					
Electricity, gas and fuel purchases	8.a	32,036	6,603	37,644	7,089
Services and other materials	8.b	17,363	2,577	16,457	2,431
Personnel	8.c	4,637		5,313	
Depreciation, amortization and impairment losses	8.d	6,355		7,012	
Other operating expenses	8.e	2,783	312	2,654	54
Capitalized costs	8.f	(1,069)		(1,539)	
	[Subtotal]	61,538		68,141	
Net income/(expense) from commodity contracts measured at fair value	9	(133)	29	168	(24)
Operating income		8,921		7,685	
Financial income from derivatives	10	1,884		2,455	
Other financial income	11	2,289	21	1,563	15
Financial expense from derivatives	10	2,821		1,505	

... like a standard web page

What do embedded XBRL tags look like



The screenshot shows a web browser displaying an XBRL viewer. The main content is a Consolidated Income Statement for 2016. A red circle highlights the value '88,604' for 'Revenue from sales and services'. A sidebar on the right, titled 'Inline XBRL', provides metadata for the selected item.

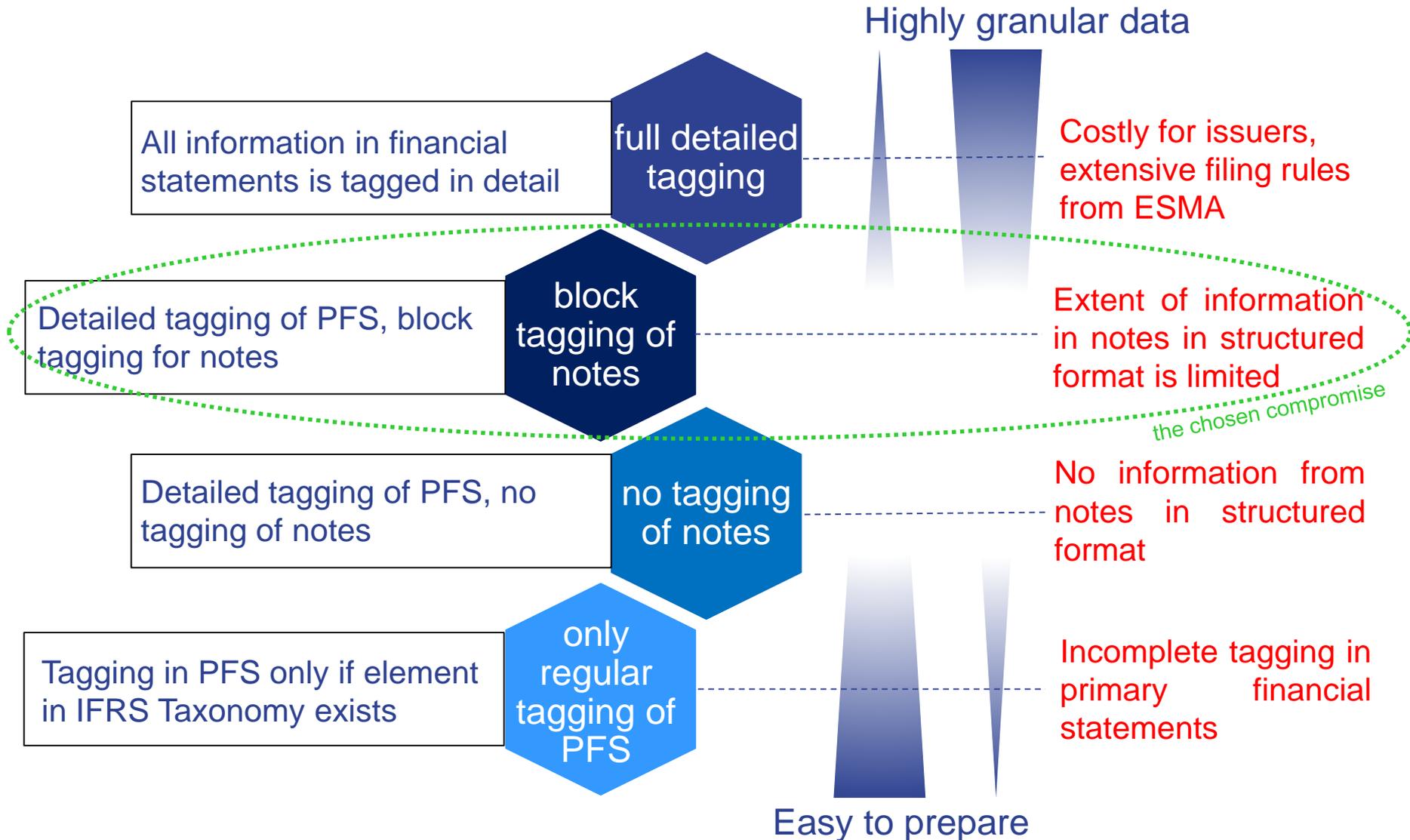
Notes	2016	of which with related parties
Revenue		
Revenue from sales and services	88,604	4,550
Other revenue and income	1,920	20
[Subtotal]	70,392	
Costs		
Electricity, gas and fuel purchases	32,036	6,603
Services and other materials	17,393	2,577
Personnel	4,837	
Depreciation, amortization and impairment losses	8,365	
Other operating expenses	2,785	312
Capitalized costs	(1,668)	
[Subtotal]	61,338	
Net income/(expense) from commodity contracts measured at fair value	(133)	29
Operating income	8,921	
Financial income from derivatives	1,884	
Other financial income	2,288	21
Financial expense from derivatives	2,821	
[Subtotal]	6,270	29

Inline XBRL Metadata:

- Highlight all tags
- Line item:** ifrs-full:Revenue
- Value:** € 68,604,000,000.00
- Period:** 2016-01-01 to 2016-12-31
- Units:** iso4217:EUR
- Entity:** 549300JD2GHO6WG8557

...like an additional layer of information that can be displayed when clicking on a certain tagged element

Level of tagging required by the RTS on ESEF



Level of tagging required by ESEF RTS

	IFRS consolidated FS	individual financial statements	3rd country GAAP FS
primary financial statements	mandatory from 2020		
block tagging of notes	mandatory from 2022	voluntary if taxonomy provided by the MS	Forbidden
detailed tagging of notes	voluntary		



The ESEF taxonomy

- A taxonomy is a classification system used to identify and structure information
 - The IFRS taxonomy, prepared by the IFRS Foundation, lists and defines the specific elements that preparers can use to identify (*tag*) the information disclosed within IFRS financial statements.
 - IFRS taxonomy elements are obtained from (1) IFRS Standards and (2) common reporting practice
- ESEF taxonomy = IFRS Taxonomy + a small set of ESMA additions, namely:
 - guidance concepts
 - labels in all EU languages
 - ‘wider-narrower’ relationship (*arc-role*) used for anchoring of issuers’ extensions
- The RTS include the labels of all elements of the core taxonomy → translations
- The taxonomy codes will be published on ESMA’s website



Marking-up disclosures

- Marking up = “tagging” = applying to a disclosure the relevant XBRL tags
- Preparers shall mark-up their disclosures with the taxonomy element having the closest accounting meaning to marked up disclosure
- If the closest taxonomy element misrepresents the accounting meaning of the disclosure, issuers shall create an *extension* taxonomy element.



Anchoring disclosures

- Anchoring = “linking” through an XBRL relationship
- Extension elements shall be *anchored* to the core taxonomy element that has the closest wider accounting meaning
- Anchoring can:
 - Link one entity specific disclosure to one IFRS core taxonomy element (*one to one*)
 - Link two or more entity specific disclosures to one IFRS core taxonomy element (*n to one, or combination*)
 - Link one entity specific disclosure to two or more IFRS core taxonomy elements (*one to n, or disaggregation*)
- Extension elements which are subtotals of other disclosures need not being anchored

Example of anchoring

(1) One-to-one anchoring

Example 1 : Balance Sheet of a European issuer

CONSOLIDATED BALANCE SHEET

Assets <i>In € millions</i>	December 31,	
	<i>Notes</i>	2016
Goodwill	17	218
Intangible assets	18	1,066
Flight equipment	20	9,119
Other property, plant and equipment	20	1,480

Flight equipment

Property, plant and equipment

Element to be anchored to the closest element in the IFRS Taxonomy which has the closest wider accounting meaning



Extension elements



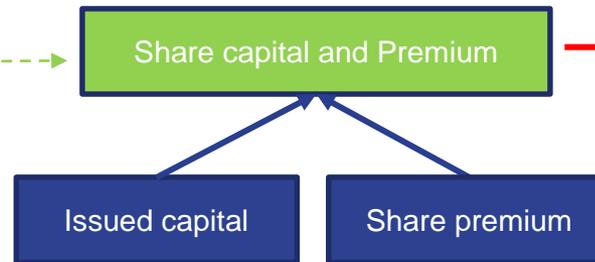
Elements contained in the IFRS Taxonomy

Example of anchoring

(2) N-to-one (combination)

Example 2 : Balance Sheet of a European issuer

Equity attributable to owners of the company
Share capital and Premium
Cumulative translation differences
Treasury shares
Retained earnings and other reserves
Total equity



Element to be anchored to two elements in the IFRS Taxonomy: the extension is *wider* than the base taxonomy elements



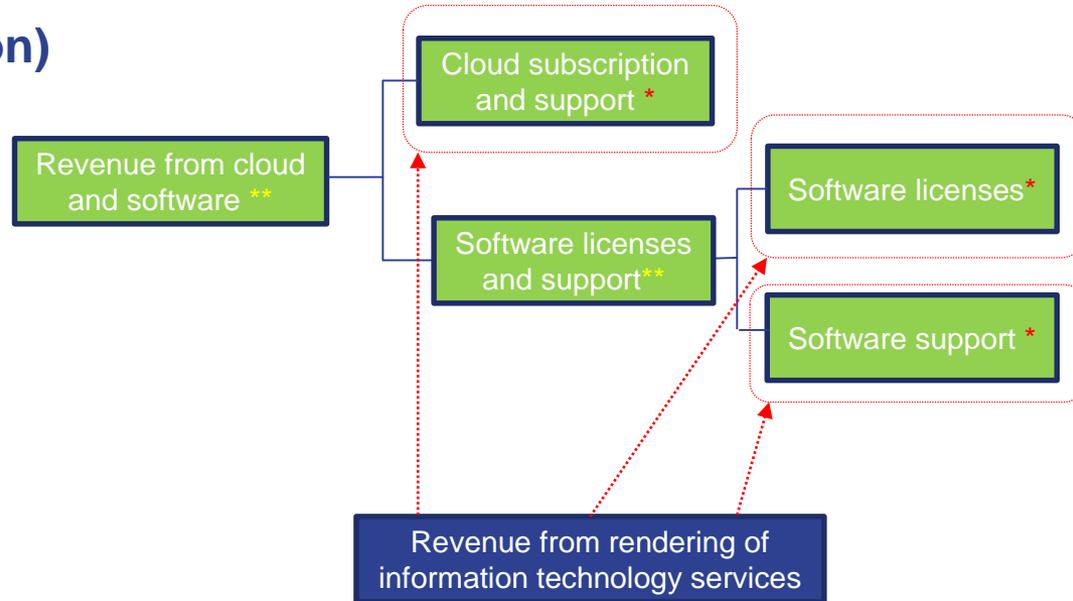
- Where the extension taxonomy element combines a number of elements of the base taxonomy, the issuer should anchor that extension taxonomy element to each of those narrower elements

Example of anchoring

(3) One-to-N (disaggregation)

Example 3: P&L of a European issuer

millions, unless otherwise stated	2016 €
Cloud subscriptions and support	2,993
Software licenses	4,860
Software support	10,571
Software licenses and support	15,431
Cloud and software	18,424
Services	3,638
Total revenue	22,062



*Extension elements that shall be anchored

 Elements contained in the IFRS Taxonomy

 Extension elements

- Extension elements that are *subtotals* of other disclosures do not need to be anchored (**)

How to get prepared for ESEF

LEARNING

- Familiarise yourself with the ESEF requirements and with the IFRS taxonomy
- Educate your teams and management

STRATEGY

- In-house or externalised production?
- Governance of the ESEF project (validation , key actors etc)

TIMING IS KEY

Start early!



MAPPING

- Map your financial statements to the IFRS taxonomy
- Analyse the need for extensions and anchors

SOFTWARE TOOL

- Start assessing the right solution
- Built in or bolt on approach?
- Standalone iXBRL or disclosure management solutions?



Where to find out more on the draft RTS on ESEF

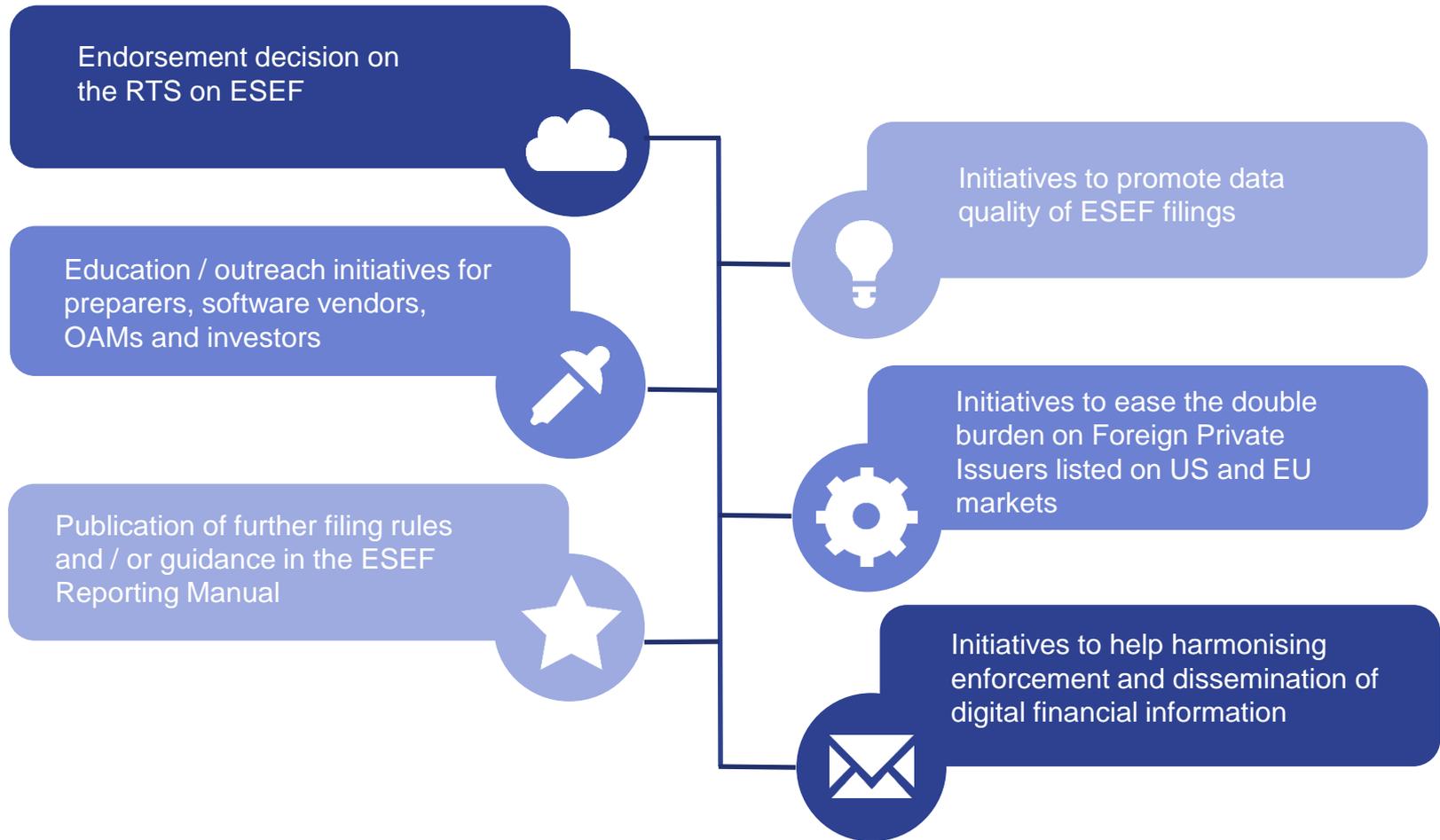
On ESMA's website:

- The Final Report on the [draft RTS on ESEF](#) (ESMA32-60-204) published on 18 December 2017 (*nb. many useful links on pp. 485 and 486*)
- [The ESEF Reporting Manual](#) (ESMA32-60-2540), published on 18 December 2017 |
→ for both Preparers and Software Vendors
- [The ESEF field test webpage](https://www.esma.europa.eu/field-test-esef) <https://www.esma.europa.eu/field-test-esef>
- The [Feedback Statement](#) on the Consultation Paper on the Regulatory Technical Standard on the European Single Electronic Format (ESMA/2016/1668), published on 21 December 2016

On the IFRS Foundation website <https://www.ifrs.org/issued-standards/ifrs-taxonomy/>

- [Using the IFRS Taxonomy : A Preparer's Guide](#)
- IFRS Taxonomy [illustrative examples](#)

What to expect next





Disclaimer

Please note that the content of this presentation reflects the views of the presenter and has not formally been approved by ESMA's Chair and/or ESMA's Board of Supervisors



Thank you for your attention!